

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Midwest Independent Transmission
System Operator, Inc.

Docket No. ER06-734-000

ORDER CONDITIONALLY ACCEPTING AND SUSPENDING
LARGE GENERATOR INTERCONNECTION AGREEMENT,
SUBJECT TO THE OUTCOME OF RELATED PROCEEDINGS

(Issued May 16, 2006)

1. On March 17, 2006, Midwest Independent Transmission System Operator, Inc. (Midwest ISO) filed an unexecuted Large Generator Interconnection Agreement (Interconnection Agreement) among Midwest ISO as Transmission Provider, Green Lake Wind, LLC (Green Lake), as Interconnection Customer, and American Transmission Company LLC (ATC) as Transmission Owner. The proposed Interconnection Agreement provides for the interconnection of Green Lake's Generating Facility, consisting of 107 wind turbines rated at 1.5 MW each. In this order, the Commission conditionally accepts and suspends the Interconnection Agreement, subject to the outcome of related proceedings.

I. Background

2. In Docket No. ER05-1475-000, Midwest ISO filed various proposed revisions to its Open Access Transmission and Energy Markets Tariff (TEMT) Attachment X, which contains Midwest ISO's Large Generator Interconnection Procedures (LGIP) and *pro forma* Large Generator Interconnection Agreement (LGIA). By order dated February 13, 2006, the Commission conditionally accepted those proposed revisions and directed a compliance filing.¹ Midwest ISO made a compliance filing, which is pending before the Commission.

¹ *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,134 (2006) (February 13 Order).

3. In Docket No. ER06-356-000 Midwest ISO filed proposed revisions to its LGIP and *pro forma* LGIA in compliance with Order Nos. 661 and 661-A.² By order dated March 17, 2006, the Commission accepted in part and rejected in part Midwest ISO's proposed revisions, and directed a compliance filing.³ Midwest ISO made a compliance filing, which is pending before the Commission.

4. In Docket No. ER06-18-000, Midwest ISO submitted proposed revisions to the transmission facility pricing provisions in Article 11 of the Attachment X *pro forma* LGIA. By order dated February 3, 2006, the Commission conditionally accepted Midwest ISO's proposed revisions.⁴ Specifically, the Commission accepted Midwest ISO's proposal under which an interconnection customer would receive transmission service credits up to fifty percent of the total amount paid for the network upgrades, if the output of the generating facility was committed by a contract of at least one year to serve Midwest ISO network customers, or the generating facility had been designated as a network resource at the commencement of commercial operation. If the interconnection customer committed only a portion of the generator facility's capacity, this cost sharing would be pro rated accordingly. Otherwise, if the interconnection customer could not demonstrate such commitment at or before the beginning of commercial operation, network upgrade costs would be fully assigned to the interconnection customer. Those costs not assigned to the interconnection customer would be recovered from transmission owners based on cost and voltage thresholds and according to the methodology applied to baseline reliability projects.⁵ Midwest ISO made a compliance filing, which is pending before the Commission.

² *Interconnection for Wind Energy*, Order No. 661, 70 Fed. Reg. 34,993 (June 16, 2005), FERC Stats. & Regs. ¶ 31,186 (2005), *order on reh'g*, Order No. 661-A, 70 Fed. Reg. 75,005 (Dec. 19, 2005), FERC Stats. & Regs. ¶ 31,198 (2005).

³ *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,270 (2006) (March 17 Order), *reh'g pending*.

⁴ *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,106 (2006) (February 3 Order), *reh'g pending*.

⁵ *Id.* at P 46.

5. Midwest ISO states that the proposed Interconnection Agreement reflects the proposed revisions to the *pro forma* LGIA filed in compliance with the February 13 Order. Midwest ISO also says that the Interconnection Agreement reflects provisions in Article 9.6.1 and Appendix G, including power factor design criteria, that were pending before the Commission in Midwest ISO's Order No. 661 compliance filing when the Interconnection Agreement was filed. Midwest ISO requests that these provisions be accepted subject to the outcome in Docket No. ER06-356.

6. Midwest ISO also states that the proposed Interconnection Agreement reflects the revisions to the transmission pricing provisions in Article 11.4 of the *pro forma* LGIA accepted by the Commission in the February 3 Order in Docket No. ER06-18-000.⁶ It notes that ATC has requested rehearing of the February 3 Order,⁷ and states that, as a result, and for the reasons set forth in that rehearing request, ATC requests that any approval of the Interconnection Agreement be conditioned to permit ATC to apply to the Interconnection Agreement the transmission pricing methodology it seeks in Docket No. ER06-18-000.

7. Midwest ISO requests waiver of the Commission's prior notice requirements to allow the proposed Interconnection Agreement to become effective March 18, 2006.

II. Notice of Filing and Responsive Pleadings

8. Notice of Midwest ISO's March 17, 2006 filing was published in the *Federal Register*, with comments, interventions, and protests due on or before April 7, 2006.⁸ ATC timely filed a motion to intervene and comment. Green Lake, jointly with FPL Energy, LLC,⁹ timely filed a motion to intervene and protest.

⁶ See *supra*, n.4

⁷ Joint Request for Rehearing or, in the Alternative, Clarification of ATC and International Transmission Company, filed March 6, 2006 in Docket No. ER06-18.

⁸ 71 Fed. Reg. 16,137 (2006).

⁹ Green Lake is a subsidiary of FPL Energy, LLC.

III. Discussion

A. Procedural Matters

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,¹⁰ the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

B. Appendix G and Article 9.6.1

10. In Order Nos. 661 and 661-A, the Commission adopted standard technical requirements and procedures for the interconnection of wind plants, to be included in Appendix G to the Commission's *pro forma* LGIA, and a new appendix to the LGIP. These requirements include a standard for power factor design criteria (reactive power) (maintaining a power factor within the range of factors over 0.95 leading to 0.95 lagging); however, wind plants must meet those standards only if the Transmission Provider shows, in the System Impact Study, that such reactive power capability is needed to ensure the safety or reliability of the transmission system.

11. In its Order No. 661 compliance filing, Midwest ISO proposed several variations, under the "independent entity variation" standard, from the power factor design criteria for wind plants adopted by the Commission in Order No. 661. Specifically, Midwest ISO proposed to require all wind generators to maintain power factors over 0.95 leading to 0.95 lagging unless the Transmission Provider has established different requirements that apply to all generators in the Control Area on a comparable basis. It thus proposed not to adopt the requirement in Order No. 661 that the power factor design criteria apply only when the Transmission Provider demonstrates in the System Impact Study that the wind plant must have reactive power capability to protect safety or reliability.

12. Article 9.6.1 and Appendix G of the proposed Interconnection Agreement reflect the power factor design criteria for wind plants proposed by Midwest ISO in its Order No. 661 compliance filing. Midwest ISO requests that the provisions be accepted for the reasons set forth in its Order No. 661 compliance filing.

13. In addition, ATC notes that the power factor criteria in its Control Area require that all generators provide power factors over 0.95 leading to 0.90 lagging, and states that its power factor design criteria should apply in the proposed Interconnection Agreement. Midwest ISO supports ATC, noting that resolution of this issue is also pending in Midwest ISO's Order No. 661 compliance filing.

¹⁰ 18 C.F.R. § 385.214 (2005).

14. In its protest, Green Lake points out that Article 9.6.1 and Appendix G of the proposed Interconnection Agreement reflect proposed revisions to Midwest ISO's *pro forma* LGIA submitted in Midwest ISO's Order No. 661 compliance filing, but that these revisions were rejected by the Commission in the March 17 Order.¹¹ That order was issued on the same day on which the instant proposed Interconnection Agreement was filed. In that order, Green Lake asserts, the Commission rejected Midwest ISO's proposed requirement that wind plants meet the power factor design requirements regardless of whether the System Impact Study demonstrates that such reactive power capability is needed for reliability. As a result, Green Lake argues, the proposed Interconnection Agreement is based on a proposed provision to Midwest ISO's *pro forma* LGIA that has been rejected. Green Lake requests that the Commission direct Midwest ISO to modify Article 9.6.1 and Appendix G of the proposed Interconnection Agreement to reflect the Commission's rulings in the March 17 Order.

Commission Determination

15. In the March 17 Order the Commission rejected Midwest ISO's proposed variation from Order Nos. 661 and 661-A that would require all wind generators to have reactive power capability, regardless of whether the System Impact Study demonstrates that such capability is needed for safety or reliability.¹² In other words, the burden is on the transmission provider to demonstrate that the capability is needed.

16. Here, Midwest ISO and ATC simply rely on Midwest ISO's proposal in its Order No. 661 compliance filing to eliminate the need for such a showing, which the Commission rejected in the March 17 Order. Absent a System Impact Study

¹¹ See *supra* n.3

¹² 114 FERC ¶ 61,270 at PP 29-38. The Commission accepted Midwest ISO's proposed modification to allow a different power factor range once the transmission provider has shown that any reactive power capability is needed if it has established different requirements that apply to all generators in a particular control area on a comparable basis. The Commission rejected the remainder of Midwest ISO's proposed variations from the Order No. 661 *pro forma* Appendix G. Specifically, the Commission rejected Midwest ISO's proposed language that would require wind plants to be "capable of continuous dynamic operation throughout the power factor design range," and to "maintain all power factors over 0.95 leading to 0.95 lagging," and the Commission rejected Midwest ISO's proposed variations from the low voltage ride-through provisions adopted in Order No. 661-A.

demonstrating that the Green Lake Generating Facility must possess additional reactive power capability for safety or reliability, the Commission will not require Green Lake to invest money for additional reactive power capability. The Commission, therefore, directs Midwest ISO to file a revised Interconnection Agreement, eliminating the requirement, within 30 days of the date of this order. In that filing, Midwest ISO should also revise the Interconnection Agreement to otherwise conform it to the requirements for wind generators approved in the March 17 Order.

C. Article 11.4

17. The proposed Interconnection Agreement reflects the revisions to the transmission pricing provisions in Article 11.4 of the *pro forma* LGIA accepted by the Commission in the February 3 Order in Docket No. ER06-18.¹³ Whereas prior to February 5, 2006, ATC had reimbursed customers for 100percent of the Network Upgrade costs, the February 3 Order established a reimbursement mechanism of up to 50percent of those costs, depending on certain circumstances. ATC has requested rehearing of the February 3 Order, and ATC requests that any approval of the Interconnection Agreement be conditioned to permit ATC to apply the transmission pricing methodology it seeks in Docket No. ER06-18.

18. In its comments, ATC adds that, in addition to seeking rehearing of the February 3 Order, ATC is also seeking modification of the *pro forma* LGIA that may result in a new section 205 filing with the Commission in order to permit ATC to continue the transmission pricing methodology that was replaced by that accepted in the February 3 Order. ATC requests that the Commission accept the proposed Interconnection Agreement subject to the outcome of Docket ER06-18, and subject to the further opportunity for ATC to seek modification to the *pro forma* LGIA if necessary.

Commission Determination

19. We will grant ATC's request. The proposed Interconnection Agreement is subject to the outcome of Docket No. ER06-18. Further, we find that Article 30.11 of the Interconnection Agreement allows the parties to exercise their rights under the Federal Power Act¹⁴ to seek modifications to the agreement; thus, should ATC seek modification of Midwest ISO's *pro forma* LGIA, through a new section 205 filing, to permit ATC to continue the transmission pricing methodology that was replaced by that accepted in the

¹³ See *supra* n. 4.

¹⁴ 16 U.S.C. §§ 824d and 824e.

February 3 Order, it may also propose to modify the Interconnection Agreement to apply that policy to Green Lake.

D. Low Voltage Ride-Through Characteristics

20. Green Lake states that the Low Voltage Ride-Through Characteristics in Figure E.1, Original Sheet No. 87, are inaccurate and do not reflect the parties' final agreement. Green Lake attributes this error to an oversight. It includes with its protest, an e-mail from ATC transmitting a hand-revised Figure E.1 that was agreed to by both Green Lake and ATC. Green Lake states that it, ATC and Midwest ISO agree that the revised Figure E.1 in the e-mail accurately reflects the parties' intent.

Commission Determination

21. We accept the parties' mutual agreement regarding the accuracy of the revised Figure E.1, Original Sheet No. 87, and will order Midwest ISO to file a revised Figure E.1 within 30 days of the date of this order.

E. Related Proceedings

22. Insofar as the proposed Interconnection Agreement reflects the same proposed revisions to Midwest ISO's *pro forma* LGIA that remain at issue in Docket Nos. ER05-1475, ER06-18 and ER06-356, the Commission accepts and suspends for a nominal period the proposed Interconnection Agreement. We will make it effective, subject to refund and subject to the outcome of Docket Nos. ER05-1475, ER06-18 and ER06-356, on March 18, 2006, as requested.¹⁵ Midwest ISO is directed to file, within 30 days of any future order either approving or directing further revisions to the Attachment X *pro forma* LGIA in Docket Nos. ER05-1475, ER06-18 or ER06-356, any necessary revisions to the proposed Interconnection Agreement to conform to the revisions required by those orders.

The Commission orders:

(A) Midwest ISO's Interconnection Agreement filing is hereby conditionally accepted for filing, as discussed in the body of this order.

¹⁵*Prior Notice and Filing Requirements under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 at 61,984, *order on reh'g*, 65 FERC ¶ 61,081 (1993) (waiver of prior notice requirement will be granted for service agreements filed within 30 days after the commencement of service).

(B) Midwest ISO is hereby directed to submit a compliance filing consistent with this order within 30 days of the date of this order, and further compliance filings as necessary, as discussed in the body of this order.

By the Commission. Chairman Kelliher dissenting in part with a separate statement attached.

(S E A L)

Magalie R. Salas,
Secretary.

UNITED STATES OF AMERICA
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Midwest Independent Transmission
System Operator, Inc.

Docket No. ER06-734-000

(Issued May 16, 2006)

Joseph T. KELLIHER, Chairman, *dissenting in part*:

For the reasons explained in my partial dissent in Order No. 661-A, I dissent from that part of the order that directs the Midwest ISO to eliminate the requirement that Green Lake Wind, LLC's generating facility meet the same reactive power requirements as all other generators in the Midwest ISO.¹ As I have stated previously, it is my view that the Federal Power Act does not permit the Commission to grant an undue preference in favor of wind energy when it comes to meeting the power factor requirement.²

Joseph T. Kelliher

¹ *Interconnection for Wind Energy*, Order No. 661-A, 113 FERC ¶ 61,254 (2005), Chairman Kelliher *dissenting* at p. 2.

² *See New York Independent System Operator, Inc.*, 114 FERC ¶ 61,271 (2006), Chairman Kelliher *dissenting in part*; *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,270 (2006), Chairman Kelliher *dissenting in part*.